



EX PARTE OR LATE FILED

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December 5, 1996

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W. - Room 222
Washington, DC 20554

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RE: Ex Parte Notice - CC Docket No. 96-193

Federal Communications Commission
Office of Secretary

Dear Mr. Caton;

On December 5, 1996, Joann Barron, Sherry Herauf and Porter Childers representing the United State Telephone Association (USTA) met with Ken Ackerman, Warren Firschein and Debbie Weber of the Federal Communications Commission's Common Carrier Bureau, to discuss USTA's position regarding the issues in the CC Docket No. 96-193, Reform of Filing Requirements and Carrier Classifications, proceeding. The attached material was the basis for the presentation and discussion.

The discussion was consistent with USTA's comments and reply comments on file in the proceeding.

In accordance with Section 1.1206(a)(1) of the Commission's rules, two copies of this notice are being submitted to the Secretary of the FCC today. Please include it in the public record of this proceeding.

Respectfully submitted,

A handwritten signature in cursive script that reads "Porter E. Childers".

Porter E. Childers
Executive Director
Legal and Regulatory Affairs

Attachment

cc: Ken Ackerman
Warren Firschein
Debbie Weber

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CC DOCKET NO. 96-193

REFORM OF FILING REQUIREMENTS

AND

CARRIER CLASSIFICATION

EX PARTE PRESENTATION BY:

UNITED STATES TELEPHONE ASSOCIATION

DECEMBER 5, 1996

REPORTING THRESHOLD AND CARRIER CLASSIFICATION

- Section 402(c) of the Act requires adjustment of the reporting threshold for inflation.
- Section 402(b) of the Act allows the Commission to forbear from applying requirements no longer necessary in the public interest.
- Section 251(f)(2) of the Act allows small carriers with less than 2% of aggregate nationwide subscriber lines to petition for suspension or modification of interconnection requirements.

REPORTING THRESHOLD AND CARRIER CLASSIFICATION

- Burden and costs exceed possible public benefits
 - 👍 Small companies (less than 2% access lines) are a minor portion of the total LEC market

Portion of Total LEC Market

<u>Area</u>	<u>Small Companies</u>	<u>Remaining Companies</u>
Access Lines	9%	91%
Revenue	7%	93%
Prop., Plant, Equip.	10%	90%

REPORTING THRESHOLD AND CARRIER CLASSIFICATION

- Burden and costs exceed possible public benefits (continued)
 - 👍 Costs of compliance are estimated to be, at a minimum, \$.5 million per company per year.
 - 👍 There are additional costs to regulators to monitor small companies.
 - 👍 Slight benefit, if any, to the public interest to monitor such a small piece of the market.

REPORTING THRESHOLD AND CARRIER CLASSIFICATION

- **CONCLUSION**: The Commission should determine that reporting requirements for small carriers is not in the public interest. This can be achieved by raising the current 64.903 threshold BEFORE applying the inflation factor.

PROPOSED ALTERNATIVE

- 👍 Modify 64.903 to 2% nationwide aggregate subscriber lines

COMPETITIVE PARITY IN REPORTING REQUIREMENTS

- The Act envisions a pro-competitive de-regulatory policy framework.
- To achieve true competition as provided for in the Act, there must be parity in reporting requirements and regulatory burdens.
- Reporting requirements should be kept to a minimum for ALL carriers.

60-DAY CAM NOTIFICATION SHOULD BE SUSPENDED

- Companies need to retain flexibility to modify CAMs as business needs and competition require.
- The proposed waiver option would impede the normal business process and also impede the carriers' response to competition.
 - 👍 Unduly burdensome and serves to delay operations since Commission is under no time constraints to act on a waiver
 - 👍 Will NOT accelerate deployment of advanced telecommunication services
 - 👍 Incompatible with the Act

60-DAY CAM NOTIFICATION SHOULD BE SUSPENDED

- The Commission has a recognized need to monitor cost pools and time reporting changes. Informal, confidential notification to the Accounting Systems Branch should be used to keep the Commission informed of pending changes to carrier cost pools and time reporting procedures.
- The Commission should require that the CAM be updated on or before the last working day of the calendar year for all changes that were effective in that calendar year.